

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

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## MEMORANDUM

TO: Southbridge Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 22, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on August 15 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.75% to 7.50% and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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Southbridge Retirement System  
January 1, 2016 Actuarial Valuation

Total cost increasing 5.50% until FY33, with a final amortization payment in FY34

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>UAL</u>	<u>Amort. of</u> <u>2002 ERIP</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Total Cost</u> <u>% Increasing</u>
2017	1,181,429	200,000	2,128,958	92,321	3,602,708	35,862,481	
2018	1,234,594	200,000	2,273,942	92,321	3,800,857	36,185,677	5.5%
2019	1,290,150	200,000	2,427,433	92,321	4,009,904	36,378,649	5.5%
2020	1,348,207	200,000	2,682,242		4,230,449	36,422,570	5.5%
2021	1,408,877	200,000	2,854,247		4,463,123	36,296,674	5.5%
2022	1,472,276	200,000	3,036,319		4,708,595	35,978,087	5.5%
2023	1,538,528	200,000	3,229,040		4,967,568	35,441,630	5.5%
2024	1,607,762	200,000	3,433,022		5,240,784	34,659,620	5.5%
2025	1,680,111	200,000	3,648,916		5,529,027	33,601,642	5.5%
2026	1,755,716	200,000	3,877,407		5,833,124	32,234,308	5.5%
2027	1,834,724	200,000	4,119,222		6,153,946	30,520,996	5.5%
2028	1,917,286	200,000	4,375,126		6,492,413	28,421,562	5.5%
2029	2,003,564	200,000	4,645,931		6,849,495	25,892,037	5.5%
2030	2,093,725	200,000	4,932,493		7,226,218	22,884,289	5.5%
2031	2,187,942	200,000	5,235,717		7,623,660	19,345,665	5.5%
2032	2,286,400	200,000	5,556,561		8,042,961	15,218,597	5.5%
2033	2,389,288	200,000	5,896,036		8,485,324	10,440,180	5.5%
2034	2,496,805	200,000	4,986,369		7,683,174	4,941,715	-9.5%
2035	2,609,162	200,000			2,809,162	0	-63.4%

Appropriation payments assumed to be made August 15 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$275,000.

FY17 amount maintained at level of current funding schedule.